



“The growing share of the second-generation immigrants contributed to a slower pace of aging in Southern California than in the rest of the nation.”



# POPULATION

## Growth Characteristics

Since 2000, population in the region has increased by almost 1.5 million or about 300,000 per year, matching its highest level of average annual increase during the 1980s. *However, after reaching its largest annual increase in 2001 of approximately 350,000, population growth in the region has been slowing.* During the year 2005, the SCAG region added 222,000 residents, close to 9 percent of the total growth in the nation. By the end of 2005, the total population in the region reached over 18.2 million, representing 6.1 percent of the population in the nation and close to half in the state (Figure 1). Among the 50 states, the region would rank fourth in total population following California, Texas and New York, and ahead of Florida.

Figure 1

## Population Increase: 2004 and 2005 (Thousands)

COUNTY	1/1/2004	1/1/2005	1/1/2006	2004 Increase		2005 Increase	
				Number	Percent	Number	Percent
Imperial	157.0	161.6	166.6	4.6	2.9%	5.0	3.1%
Los Angeles	10,088.9	10,166.4	10,245.6	77.5	0.8%	79.2	0.8%
Orange	3,019.9	3,047.1	3,072.3	27.2	0.9%	25.3	0.8%
Riverside	1,807.6	1,888.3	1,953.3	80.7	4.5%	65.0	3.4%
San Bernardino	1,897.7	1,950.8	1,991.8	53.1	2.8%	41.0	2.1%
Ventura	803.9	810.8	817.3	6.9	0.9%	6.6	0.8%
<b>REGION</b>	<b>17,775.0</b>	<b>18,025.0</b>	<b>18,247.0</b>	<b>250.0</b>	<b>1.4%</b>	<b>222.0</b>	<b>1.2%</b>
Rest of California	18,470.0	18,703.2	18,925.0	233.2	1.3%	221.8	1.2%
California	36,245.0	36,728.2	37,172.0	483.2	1.3%	443.8	1.2%
U.S.	292,302.8	295,107.7	297,821.2	2,804.9	1.0%	2,713.5	0.9%

Source: California Department of Finance and U.S. Census Bureau annual January 1st estimates, including revision of estimates for previous years.

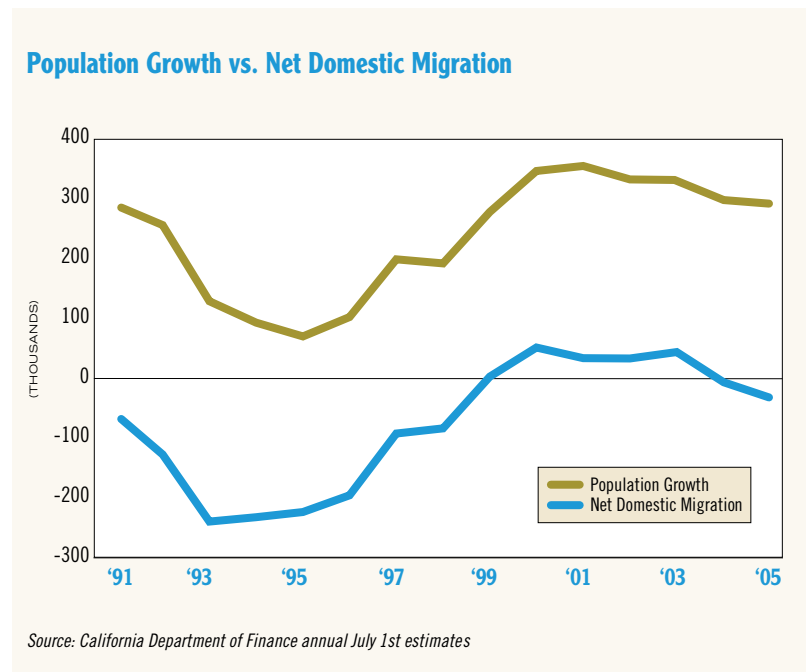


Since 1990, annual population growth in the region has varied significantly (Figure 2).<sup>1</sup> Since 2001, despite a generally stable natural increase (births over deaths) of approximately 164,000 per year, total population growth in the region has been reduced from about 350,000 (over 2 percent growth rate) to about 222,000 (1.2 percent) per year. Specifically, between 2001 and 2005, the net foreign immigration into the region dropped from about 157,000 to 115,000. This is consistent with the trend that recent immigrants are becoming a little more dispersed throughout the nation and are increasingly less concentrated in historical gateway regions particularly Southern California. During the same period, domestic migration also decreased from about 32,000 net in-migration in 2001 to 24,000 net outmigration in 2005, i.e. there were 24,000 more people moving out of Southern California to the rest of the nation in 2005 than vice versa.

The reversal in domestic migration occurred when the job market in the region was actually improving and performing a little better than that in the rest of the nation (as discussed in the Employment Section). The turnaround in domestic migration could be due to the widening gap of the cost of living between the region and the rest of the nation, and the overall economic recovery in the rest of the nation. For example, between 2001 and 2005, overall cost of living as measured by the consumer prices index increased by almost 14 percent in the region compared to the national average of 10 percent.<sup>2</sup> An important factor contributing to the widening gap of cost of living is the relatively higher housing prices in the region. Between 2001 and 2005, median housing prices increased by 114 percent in the region, almost tripled the national rate (see Figure 11 page 42).



Figure 2



In 2005, population growth in the region of 1.2 percent was the same as that of the rest of the state, in contrast to the previous track record of faster growth. Though the region as a whole continued to grow faster than the nation, its three coastal counties (Los Angeles, Orange and Ventura) grew at slightly lower rates than the national averages for the past two years. The three inland counties (Riverside, San Bernardino and Imperial), however, continued to grow two to three times faster than the nation. Among the nine largest

metropolitan regions in the nation, Southern California experienced the second highest growth rate following only the Dallas region between 2000 and 2005 (see Figure 82 page 150).

Population growth in the region in 2005 accounted for half of the total increase in the state. *Four of the top five California counties experiencing population increase were in the SCAG region, including Los Angeles, Riverside, San Bernardino and Orange counties.* Two neighboring counties of the SCAG region also made it into the top ten, San Diego (4<sup>th</sup>) and Kern (6<sup>th</sup>). Another neighboring county, Santa Barbara, only increased 3,600 people during 2005.

As to the rate of growth within the region in 2005, the three inland counties achieved significantly higher growth rates than the rest of the state (1.2 percent). Specifically, Riverside County achieved the second highest growth rate of 3.4 percent in the state, just behind Yuba County (3.6 percent) with less than 70,000 total population. Among the top ten fastest growing cities in the state in 2005, three were from the SCAG region and all three were in Riverside County including Temecula (15 percent), Coachella (14 percent) and Desert Hot Springs (13 percent).<sup>3</sup> In addition, Imperial and San Bernardino counties had the 3rd (3.1 percent) and 11th (2.1 percent) highest rates respectively. The neighboring Kern County also achieved the 4<sup>th</sup> (2.9 percent) highest growth rate. In contrast, for three consecutive years, the three coastal counties (Los Angeles, Orange and Ventura) all grew at lower rates than the rest of the state.



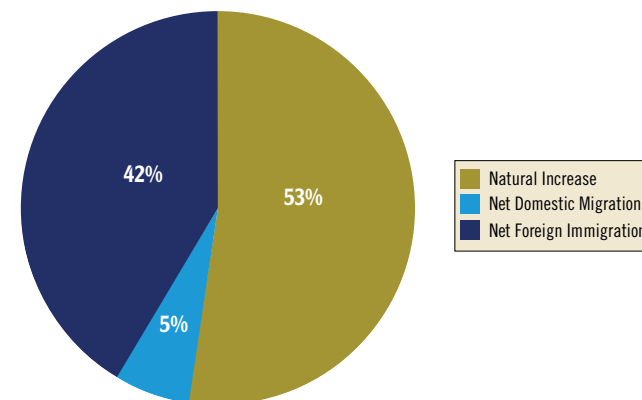
In 2005, the Inland Empire (Riverside and San Bernardino counties) captured almost half (48 percent) of the total population growth in the region, significantly higher than their share of only 22 percent of the region's total

population. Another 36 percent of the total growth in the region in 2005 took place in Los Angeles County, lower than its population share of 56 percent.

As to the sources of population growth in the region between 2000 and 2005, over half (53 percent) was due to natural increase, 42 percent was from net foreign immigration and 5 percent from net domestic migration (Figure 3). Within the region, natural increase, foreign immigration and domestic migration contributed differently to the population growth among different counties. Overall, natural increase and net foreign immigration contributed much more significantly to the growth in the three coastal counties (Los Angeles, Orange and Ventura) and Imperial than the Inland Empire (Riverside and San Bernardino) where net domestic in-migration played a more significant role (Figure 4).

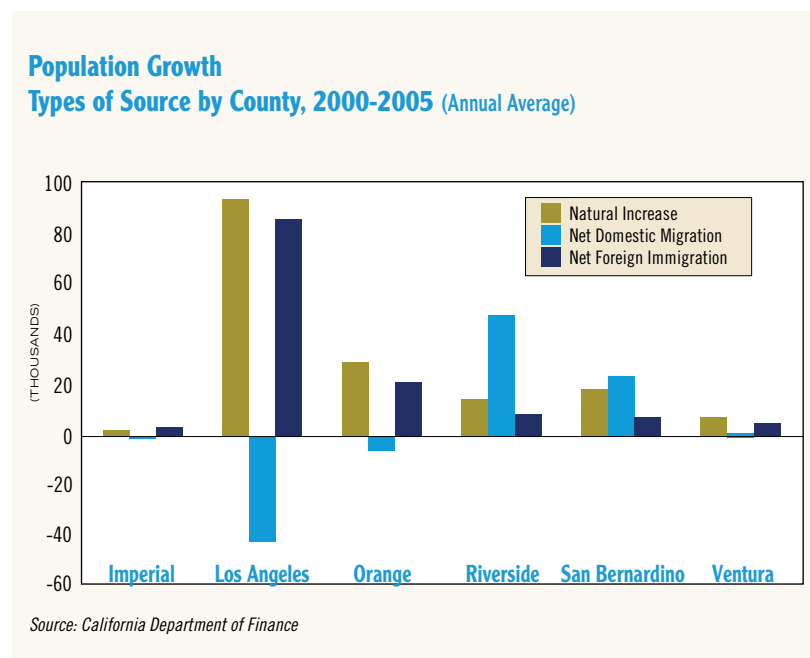
Figure 3

#### Population Growth by Types of Source 2000-2005



Source: California Department of Finance

Figure 4



## Demographic Dynamics

There are four important demographic dynamics at work in Southern California. They include the continuing change in the ethnic composition, longer settlement of the foreign-born population, a growing share of second-generation immigrants and the aging of the overall population. These four dynamics are interrelated and together they have significant implications for the future performance

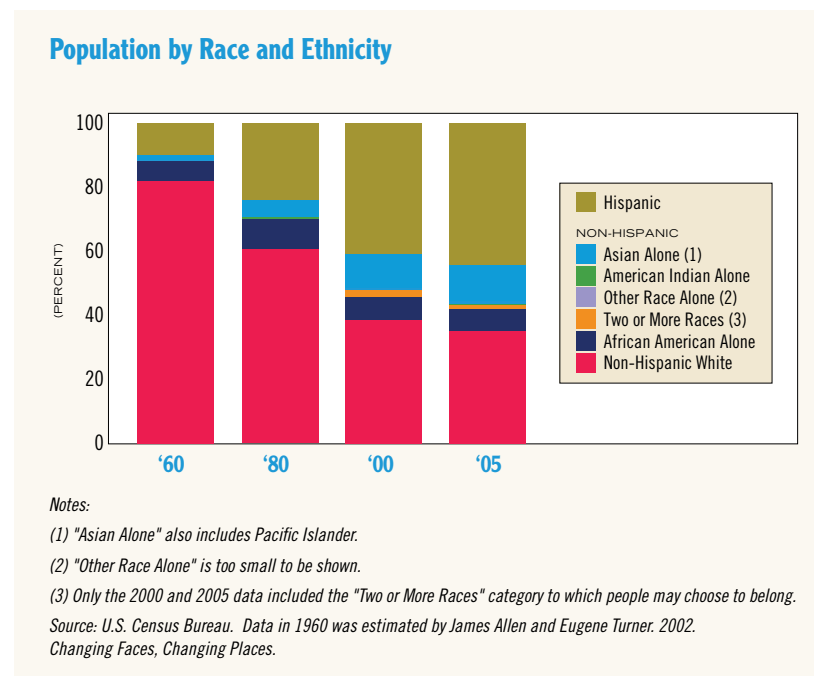
potential of Southern California. All four dynamics continued through 2005. The following provides a summary of the demographic dynamics that were discussed in further detail in the last year's Report and the guest essay after the Population Section.<sup>4</sup>

As to the transformation in ethnic composition, the share of the Hispanic population reached 44 percent in 2005, about a 4 percent increase from 2000 and a dramatic increase from only 10 percent in 1960 (Figure 5). The share of the Asian population increased from 2 percent in 1960 to over 11 percent in 2005.<sup>5</sup> Since 1960, the share of the non-Hispanic White population declined from about 80 to 39 percent in 2000 and 36 percent in 2005. The share of African American population in the region was just below 7 percent in 2005. Since 2000, the vast majority (80 percent) of the growth in the region were Hispanics.





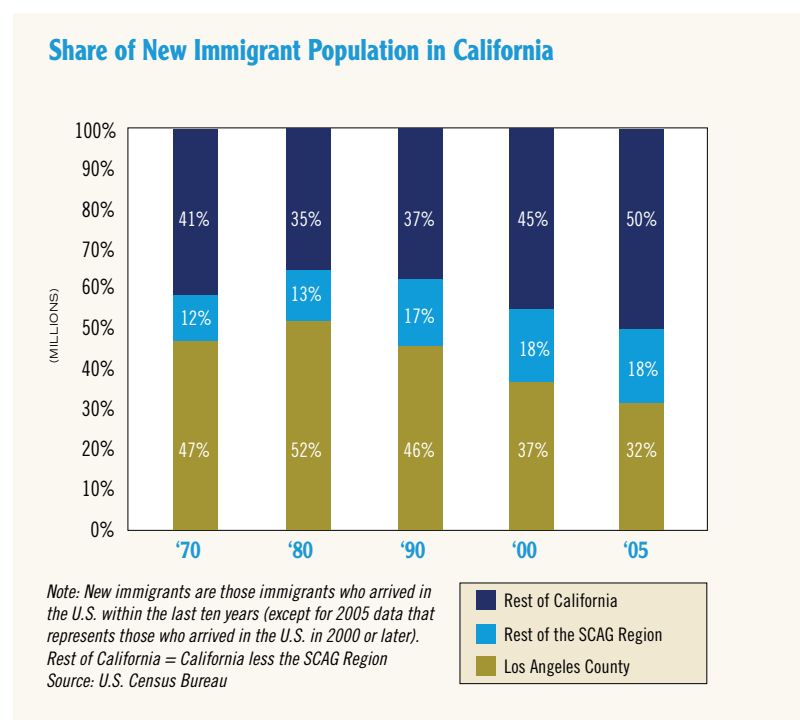
Figure 5



The second important demographic dynamic is that the region's immigrant population has achieved longer settlement which has important implications for its overall level of socioeconomic well-being. In 2005, about 31 percent (5.4 million) of the region's total population were foreign-born. They represented about 15 percent of the immigrants in the nation. Recent immigrants to the U.S. have increasingly pursued economic opportunities in areas where fewer immigrants had lived previously. As a result, California's share of immigrant arrivals dropped from 38 percent to 21 percent

between 1990 and 2005, the largest decline (17 percentage points) among all states. In addition, the region's share of the new immigrant population (arrived U.S. within the last 10 years) in the state also declined from 65 percent in 1980 to 50 percent in 2005 (Figure 6). This was primarily due to the sharp decline of the share of Los Angeles County alone, from 52 percent in 1980 to 33 percent in 2005. Since 1990, the region's share of immigrant arrivals in the nation fell sharply from about 22 percent to below 11 percent.

Figure 6



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As to the share of the total population in the region, new immigrants increased from 4 percent in 1970 to 14 percent in 1990 then decreased to 11 percent in 2000, while the share of the settled immigrant population (arrived U.S. more than 10 years ago) increased continuously from just below 6 percent in 1970 to 20 percent in 2000. The level of socioeconomic well-being (e.g. educational attainment, household income, poverty rate, homeownership rate, etc.) of the immigrant population improves noticeably with the length of settlement.<sup>6</sup>



The maturing settlement of the immigrant population could bring positive performance outcomes for the region's future, particularly with supportive public policies.

*The growing share of settled immigrants also results in a growing share of the immigrants' second generation in the region, i.e. U.S-born residents with at least one foreign-born parent.* Currently, about 23 percent (or 4.3 million) of the population in the region belongs to the immigrants' second generation.<sup>7</sup> Among the total child population in the region, more than 45 percent belongs to the immigrants' second generation. Accordingly, the educational and occupational attainment of immigrants' second-generation, particularly children, will significantly impact the region's future performance.

*Finally, the median age of the population in the region continued to rise over time as in the rest of the nation.* Median age increased from 30.7 in 1990 to 32.2 in 2000 and 33.5 in 2005.<sup>8</sup> In 2005, the region continued to be younger than the state (34.4) and the nation (36.6). Among the nine largest metropolitan regions in the nation, the SCAG region continued to be the second youngest in terms of median age, following the Dallas region (33.2) with Boston the oldest (38.1). The growing share of the immigrants' second generation contributed to the slower pace of aging process in Southern California than in the rest of the nation. The share of people 65 years and over in the region increased slightly from 9.6 percent to 9.8 percent between 2000 and 2005. However, over the next 25 years, with the aging of the baby boomer generation, population 65 years or older in the region are expected to increase from 1.72 million (less than 10 percent) in 2005 to 3.9 million (almost 17 percent) in 2030.<sup>9</sup>